

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-03-2012	Preceding Year Corresponding Quarter 31-03-2011	Current Year To Date 31-03-2012	Preceding Year To Date 31-03-2011
	RM	RM	RM	RM
Gross rental income	25,011,945	20,131,218	25,011,945	20,131,218
Property expenses	(1,519,572)	(1,542,979)	(1,519,572)	(1,542,979)
Net rental income	23,492,373	18,588,239	23,492,373	18,588,239
Investment income	145,579	126,264	145,579	126,264
Gain in fair value adjustment	-	-	-	-
Other income	-	-	-	-
Total income	23,637,952	18,714,503	23,637,952	18,714,503
Managers' fees	(379,804)	(288,711)	(379,804)	(288,711)
Trustees' fees	(54,685)	(46,859)	(54,685)	(46,859)
Accretion of long term borrowings	(377,223)	(228,598)	(377,223)	(228,598)
Annual financing fees	(254,479)	(206,368)	(254,479)	(206,368)
Maintenance of properties	(51,450)	(38,000)	(51,450)	(38,000)
Administrative expenses	(265,567)	(326,121)	(265,567)	(326,121)
Professional fees	(5,300)	(127,200)	(5,300)	(127,200)
Withholding tax	(669,320)	-	(669,320)	-
Profit sharing expenses on financing	(8,664,368)	(6,210,971)	(8,664,368)	(6,210,971)
Total trust expenditure	(10,722,196)	(7,472,828)	(10,722,196)	(7,472,828)
Profit before taxation	12,915,756	11,241,675	12,915,756	11,241,675
Tax expense	(435,491)	(95,625)	(435,491)	(95,625)
Profit after taxation	12,480,265	11,146,050	12,480,265	11,146,050
Other comprehensive expense				
Foreign currency translation differences for foreign operation	81,527	-	81,527	-
Total comprehensive income for the period	12,561,792	11,146,050	12,561,792	11,146,050
Profit after taxation is made up as follows:				
Realised	12,480,265	11,146,050	12,480,265	11,146,050
Unrealised	-	-	-	-
	12,480,265	11,146,050	12,480,265	11,146,050
Earnings per unit (sen) - Net	1.95	1.92	1.95	1.92
Provision for income distribution	16,117,554	19,145,511	16,117,554	19,145,511
Distribution per unit (sen)	2.52	3.30	2.52	3.30

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2012

	Note	As At End Of Current Quarter 31-03-2012	Audited 31-12-2011
		<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,360,258,147	1,356,758,147
Current Assets			
Trade receivables		5,278,242	2,731,325
Other receivables & prepayments		9,756,711	8,797,105
Cash and bank balances		43,736,735	30,320,284
Fixed deposits with licensed banks		16,949,521	22,661,789
		<u>75,721,209</u>	<u>64,510,503</u>
TOTAL ASSETS		<u>1,435,979,356</u>	<u>1,421,268,650</u>
LIABILITIES			
Non-current liabilities			
Long term borrowings	B9	688,643,481	684,695,810
Current Liabilities			
Other payables and accruals		15,616,277	17,562,375
Income distribution payable		16,117,554	-
Taxation		331,880	184,539
		<u>32,065,711</u>	<u>17,746,914</u>
TOTAL LIABILITIES		<u>720,709,192</u>	<u>702,442,724</u>
NET ASSETS VALUE		<u>715,270,164</u>	<u>718,825,926</u>
REPRESENTED BY:			
Unitholders' capital		627,174,319	627,174,319
Undistributed income		92,139,102	95,776,391
Foreign exchange translation reserve		(4,043,257)	(4,124,784)
TOTAL UNITHOLDERS' FUND		<u>715,270,164</u>	<u>718,825,926</u>
NUMBER OF UNITS IN CIRCULATION		<u>639,585,468</u>	<u>639,585,468</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		<u>1.12</u>	<u>1.12</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the First Quarter Ended 31 March 2012

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange Reserve	Total Unitholders' Fund RM
As at 1 Jan 2011	561,219,819	59,801,435	-	621,021,254
Operation for the year ended 31 Dec 2011				
Net income for the year	-	85,115,101	(4,124,784)	80,990,317
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	85,115,101	-	80,990,317
Unitholders' transactions				
Placement of units	65,954,500	-	-	65,954,500
Distribution to unitholders	-	(49,140,145)	-	(49,140,145)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	65,954,500	(49,140,145)	-	16,814,355
Net assets as at 31 Dec 2011	627,174,319	95,776,391	(4,124,784)	718,825,926
As at 1 Jan 2012	627,174,319	95,776,391	(4,124,784)	718,825,926
Operation for the period ended 31 Mar 2012				
Net income for the period	-	12,480,265	81,527	12,561,792
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	12,480,265	81,527	12,561,792
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(16,117,554)	-	(16,117,554)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(16,117,554)	-	(16,117,554)
Net assets as at 31 Mar 2012	627,174,319	92,139,102	(4,043,257)	715,270,164

The condensed consolidated statement changes in net assets value should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the First Quarter Ended 31 March 2012

	To Date	
	31-03-2012	31-03-2011
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,915,756	11,241,675
Adjustment for:		
Profit sharing expenses on Islamic financing	8,664,368	6,210,971
Accretion of long term Islamic financing	377,223	228,598
Investment revenue	(145,579)	(126,264)
Operating profit before working capital changes	21,811,768	17,554,980
Increase in receivables and prepayments	(3,883,746)	(1,901,562)
Decrease in other payables and accruals	(1,598,427)	(2,524,147)
Cash generated from operations	16,329,595	13,129,271
Taxes paid	(288,150)	(95,625)
Net cash generated from operating activities	16,041,445	13,033,646
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	145,579	126,264
Purchase of investment properties	(3,500,000)	-
Net cash (used)/ generated from investing activities	(3,354,421)	126,264
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit sharing expenses on Islamic financing paid	(8,664,368)	(6,210,971)
Proceeds from issuance of long term Islamic financing	3,600,000	-
Net cash used in financing activities	(5,064,368)	(6,210,971)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,622,656	6,948,939
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	81,527	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	52,982,073	46,568,105
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	60,686,256	53,517,044

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2012

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134")

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2011.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2011 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

The business operations of Al-'Aqar Healthcare REIT are not affected by any material seasonal or cyclical factors.

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

There were no unusual items affecting the financial statements of Al-'Aqar Healthcare REIT for the current quarter.

A5. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates arising from the adoption of the new and revised FRSs, that have had a material effect on the current quarter's results.

A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases and repayment of debt and equity securities being made in the current quarter.

A7. INCOME DISTRIBUTION

During the quarter under review, the Manager, with the approval of the Trustee, has declared the following distributions:

	Total RM	Distribution Per Unit (Sen)
Final distribution-Financial Year Ended 31 December 2011	16,117,554	2.52

The final distribution has been paid to unit holders on 20 April 2012.

A8. SEGMENTAL REPORTING

No segmental reporting is required as the Al-'Aqar Healthcare REIT's activities are predominantly in one industry segment.

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no valuation of property being made in the current quarter. Increase in investment properties was due to acquisition of Kluang Utama Specialist Hospital during the quarter under review.

A10. SUBSEQUENT MATERIAL EVENTS

The were no material events from the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-'Aqar Healthcare REIT for the current quarter under review.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2012

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The net rental income for Al-'Aqar Healthcare REIT of RM23.5 million for the 3 months period ended 31 March 2012 represented an increase of RM4.9 million or 26.4% from RM18.6 million recorded in the previous corresponding period. The increase was mainly due to new rental income contributed by Rumah Sakit Medika Permata Hijau, Rumah Sakit Bumi Serpong Damai, Jeta Garden Age Care Facility and Retirement Village and Kluang Utama Specialist Hospital, which were acquired in July 2011, November 2011 and January 2012 respectively. These properties had contributed approximately RM 4.8 million (or 20.4%) of rental income recorded during the quarter.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM12.9 million, which is RM1.7 million or 14.9% higher than previous corresponding period's of RM11.2 million. The increase was due to higher rental income as mentioned above.

B2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

Al-'Aqar Healthcare REIT's profit before taxation of RM12.9 million for the First Quarter 2012 was reported lower as compared with last quarter of RM52.1 million is mainly due to recognition of gain on fair value of properties amounting to RM38.7 million in December 2011.

B3. PROSPECTS

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust had completed acquisition of Kluang Utama Specialist Hospital, bringing the total number of properties to 24 units, with a total value of RM1.36 billion. This properties are having similar leasing arrangement as per current properties. The arrangement will enhance rental income in future years, and subsequently will provide favorable returns to the unitholders.

The performance of the Al-'Aqar Healthcare REIT is expected to be satisfactory for the next quarter, with the existing investment portfolio and consistent acquisition in order to maintain its performance.

B4. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units during the quarter under review.

B5. TAXATION

	The Group		The Fund	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
	RM	RM	RM	RM
Tax expense	435,491	95,625	-	-

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to unitholder, the total income of the trust for that year of assessment shall be exempted from tax.

In accordance with the Deed, the Fund is required to distribute at least 95% of its net income. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

In prior years, no provision for tax payable has been made by the subsidiary company as the said subsidiary company is a special purpose vehicle ("SPV") company established solely for the purpose of complying with Syariah requirements in the issuance of Islamic securities. "Islamic securities" are defined as securities which adopt the principles of mudharabah, Musyarakah, Ijarah or Istina and under the Malaysia Income Tax (Exemption) (No. 14) Order 2007, the statutory income of the subsidiary company was exempted from tax.

The said order was, however, revoked on April 24, 2008 and replaced by a new Section 601 of the Malaysia Income Tax Act which had similar exemption for a SPV company established to issue Islamic Securities. The revocation and new amendment is deemed to have come into operation from the year of assessment 2007.

However, the new Section 601 appears to apply to SPV company established by another company. As the holding entity of the subsidiary company is not a company, the said subsidiary company has not excluded its statutory income derived from the issuance of Islamic Securities from tax.

B6. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposal of unquoted securities or investment properties during the current quarter.

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There were no purchase or disposal of quoted securities during the current quarter.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

- (a) On 9 March 2010, Al-Aqar Healthcare REIT had announced its proposal to acquire the six properties from the subsidiaries of Johor Corporation, namely PT. Khidmat Perawatan Jasa Medika ("PT. Khidmat") and Tanjung Tuan Hotel Sdn Bhd ("TTHSB"), Kulim (Malaysia) Berhad and the subsidiaries of KPJ Healthcare Berhad, namely Bandar Baru Klang Specialist Hospital Sdn Bhd ("BBKSHSB"), Pusat Pakar Kluang Utama Sdn. Bhd. ("PPKUSB") and PT. KPJ Medica.

The list of the registered proprietors of the properties, collectively known as the "vendors", is set out below:

Properties	Registered Proprietors
Bandar Baru Klang Specialist Hospital ("BBKSH") Building	BBKSHSB
Kluang Utama Specialist Hospital ("KUSH") Building	PPKUSB
Rumah Sakit Bumi Serpong Damai ("RSBSD") Building	PT KPJ Medica
Rumah Sakit Medika Permata Hijau ("RSMPH") Building	PT Khidmat
Selesa Beach Resort Port Dickson ("Selesa Resort") Building	Tanjung Tuan Resort Development Sdn Bhd ("TTRDSB")
Menara Ansar ("Menara Ansar") Building	Kulim (Malaysia) Berhad

On 22 September 2010, Al-Aqar Healthcare REIT had announced that due to unforeseen circumstances, it was not able to proceed with the acquisition of the Selesa Resort Building and the lease over Menara Ansar Building. As such, the parties involved have mutually agreed not to pursue with the said acquisitions.

Subsequently, Al-Aqar Healthcare REIT will acquire the properties (except for Selesa Resort and Menara Ansar) from the vendors for a total purchase consideration of approximately RM159,910,000.

The acquisition has been approved by unitholders at a General Meeting held on 17 December 2010, and 2 properties (RSBSD and RSMPH) are completed on 26 July 2011. Acquisition of KUSH was completed on 6 January 2012.

- (b) Al-Aqar Healthcare REIT on 22 September 2010 had announced its proposal to acquire two properties from Jeta Gardens Waterford Trust ("JGWT") for a total purchase consideration of AUD equivalent of RM131,909,000.

The Properties with a land area of 14.753 hectares consist of the integrated gated premium residential estate for older people which includes an aged care complex with care facilities known as "Jeta Gardens Aged Care Facility", 23 units of independent living villas and 32 units of independent living apartments known as "Jeta Gardens Retirement Village". Jeta Gardens Aged Care Facility includes 108 aged care bed places with all ancillary improvements, dining areas, kitchen, bathrooms, nurses stations, lounge area, etc.

JGWT represented by its trustee, Jeta Gardens Pty Ltd ("JGPL"), had accepted the letter of offer dated 22 September 2010. The Properties are sold free from all encumbrances, charges, liens and with legal possession subject to the conditions and restrictions expressed or implied in the Certificates of Title.

Acquisition of Jeta Gardens was completed on 29 November 2011.

B9. LONG TERM ISLAMIC FINANCING

	The Group	
	As at 31-03-2012 RM'000	As at 31-12-2011 RM'000
Sukuk Ijarah	280,152	279,989
Ijarah Muntahiah Bitamlik	248,942	248,758
Ijarah Muntahiah Tawarruq	79,600	76,000
Ijarah Muntahiah Bitamlik Financing-I Facility	79,949	79,949
	688,643	684,696

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

For the current quarter, the Group does not have any off balance sheet financial instruments.

B11. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

B12. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager during the quarter under review.

B13. SUMMARY OF DPU, EPU AND NAV

	Quarter ended 31-03-2012	Immediate Preceding Quarter ended 31-12-2011
Number of units in issue (units)	639,585,468	639,585,468
Earning per unit (EPU) - sen	1.95	8.09
Net income distribution to unitholders (RM'000)	16,118	-
Distribution per unit (DPU) - sen	2.52	-
Net Asset Value (NAV) - RM'000	715,270	718,826
NAV per unit (RM)	1.12	1.12

Market Value Per Unit (RM)

B14. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with FRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 31 December 2011 and of its financial performance and cash flows for the period then ended.